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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

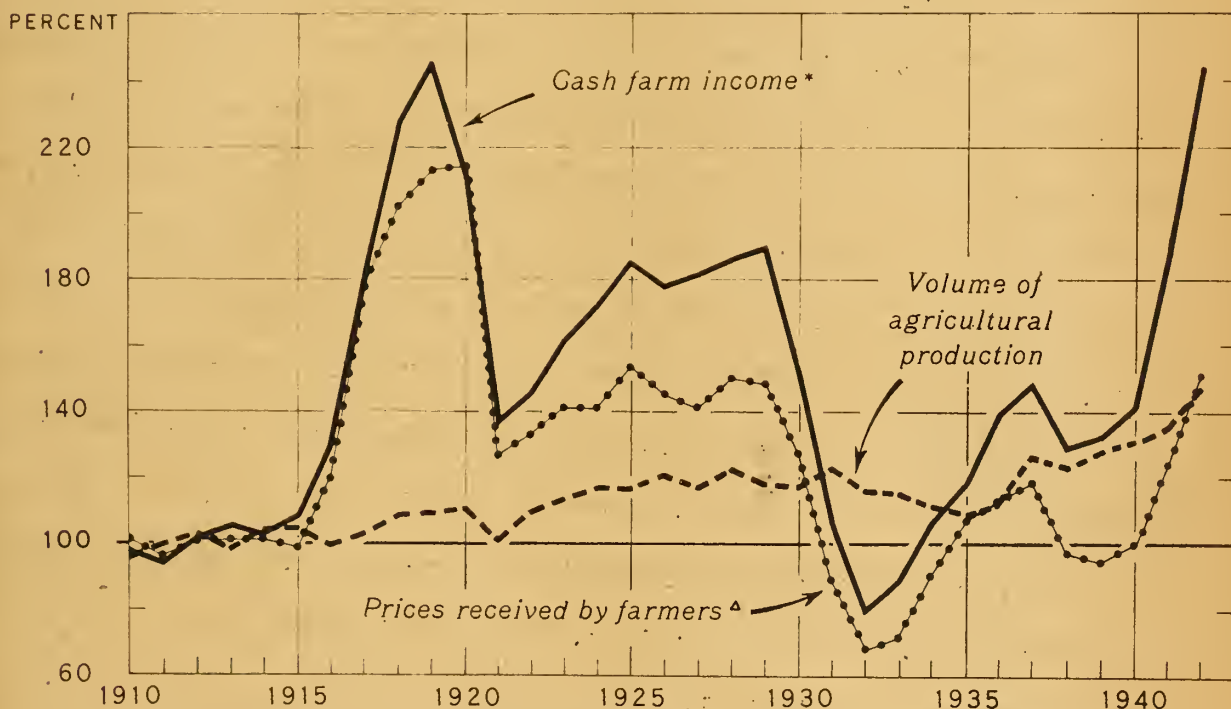
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AGRICULTURAL PRODUCTION, PRICES, AND INCOME, UNITED STATES, 1910-42

INDEX NUMBERS (1910-14=100)



* EXCLUDING GOVERNMENT PAYMENTS, BEGINNING 1933
DATA FOR 1941 ARE PRELIMINARY; 1942 ARE ESTIMATED

Δ NEW SERIES

U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

AGRICULTURAL PRODUCTION ORDINARILY DOES NOT FLUCTUATE GREATLY FROM YEAR TO YEAR. CHANGES IN THE CASH INCOME FARMERS RECEIVE FROM SALES ARE USUALLY DUE MUCH MORE TO CHANGES IN PRICES THAN TO FLUCTUATIONS IN PRODUCTION. HOWEVER, IN 1942 PRODUCTION IS EXPECTED TO INCREASE TO A NEW ALL-TIME PEAK ABOUT 10 PERCENT ABOVE 1941. WITH BOTH PRODUCTION AND PRICES IN 1942 ABOUT 50 PERCENT HIGHER THAN IN 1910-14, CASH INCOME FROM SALES MAY BE MORE THAN DOUBLE THE AVERAGE OF THE PRE-WORLD WAR I PERIOD.

SUMMARY OF DEMAND AND SUPPLY CONDITIONS

Consumer purchasing power is increasing. This rise is expected to continue throughout the remainder of 1942. The main impetus behind the advance comes from war activities, Government expenditures for which increased more from June to July than for any previous month of the war. Expenditures for war totaled 4.5 billion dollars in July -- 3 billion dollars more than in November 1941 --- and are expected to reach 6 billion dollars per month by the end of this year.

The effect of increased consumer income on purchases of agricultural products is illustrated by a recent Bureau of Labor Statistics survey of spending and saving by urban families during 1941 and the first quarter of 1942. This survey shows that total expenditures for food, clothing, and tobacco averaged \$884 per family in 1941 and \$231 during the first quarter of 1942. Expenditures during the first quarter of 1942 appear to be equivalent to an annual rate of nearly \$1,000 after allowing for the usual seasonal changes in consumer purchases. These figures indicate that urban consumers' expenditures for agricultural products are at a considerably higher dollar rate per family this year than last, and slightly higher in relation to the level of income than in 1941.

Expanding consumer income and the resulting increased purchases of agricultural products have the effect of increasing the pressure against price ceilings of commodities for which maximum price regulations are effective and against supplies where shortages exist. Prospective supplies of agricultural products generally are large. Recent estimates indicate that agricultural production in 1942 will be about 10 percent larger than the record 1941 output. Crops and livestock will contribute about equally to the 1942 gain. Increases will be especially large in production of cotton, oil-bearing crops, meat animals, poultry products, and milk to be sold at wholesale. Increases

will be smaller in production of fruits and vegetables and there will be little change in production of bread grains.

Agricultural production in the aggregate has established new records each year since the present war started, and in 1942 will be around 25 percent larger than the 1935-39 average; but military and lend-lease needs are so great that local and temporary shortages of civilian supplies of some products are to be expected -- as in meats recently in the East. Such shortages, however, will be temporarily relieved when marketings increase seasonally. The pinch in meat supplies in the East came when hog marketings were seasonally low although large in relation to average marketings in recent years. By the end of September when the large 1942 spring pig crop begins to go to market, hog marketings will increase greatly. Cattle slaughter will rise seasonally when grass fat cattle begin to move in volume in late summer. Meanwhile, substitution by consumers of the more abundant products for the scarce will help relieve the situation.

Milk production is the largest on record for this time of year. But requirements also are large and there have been some local shortages of fluid milk in greatly expanded industrial centers. Problems of transportation and distribution of fluid milk make difficult any rapid adjustment of these local deficiencies. Prospective supplies of butter and manufactured dairy products generally will be sufficient to allow at least as large a per capita consumption by civilians during the remainder of 1942 as a year earlier.

Prices of apples and other fresh deciduous fruits are declining from earlier seasonal peak levels, as 1942 production appears on the market in larger amounts. Supplies of citrus fruits will continue relatively small for the next few months. The recent sharp rise in prices of truck crops was the result not only of a higher level of consumer buying power but of relatively short supplies of some vegetables usually marketed in heavy volume at this season. Supplies of watermelons, cabbage, and green peas are smaller than at

this time last year whereas fresh tomatoes, onions, and snap beans are in larger supply. The pressure on prices of commercial truck crops in large consuming centers should be eased considerably during the next 2 months as supplies of fresh vegetables from nearby market gardens increase.

Livestock marketings decreased in July. The July movement of wheat was retarded by lack of commercial storage space, but prices received by farmers generally were higher in July than in June and the month-to-month increase in cash income from sales probably was not much less than usual. Farm marketings will continue heavy during the remainder of the year although transportation and processing difficulties may necessitate some alteration of farmers' plans in this respect.

-- August 22, 1942

GENERAL PRICE LEVEL

Broadened wholesale commodity price controls which became effective May 11, 1942 covered about 98 percent of commodities, excluding farm and food products, 60 percent of farm, and 76 percent of food products (basis, Bureau of Labor Statistics index numbers of wholesale prices). Wholesale commodity prices generally were at 98.9 percent of the 1926 average in the week ended August 15 compared with 98.6 in the last week before broadened price controls went into effect. During this 14-week period the index number of prices of farm products increased 1.9 percent and that of foods increased 1.2 percent. These increases are much smaller than those during the 14 weeks immediately preceding broadened controls. The composite index of prices of all commodities, exclusive of farm and food products, stood at exactly the same level in the week of August 15 as 14 weeks earlier, whereas it had risen 1.2 percent during the preceding 14-week period.

Stability in wholesale commodity prices tends to hold down war costs, reduces speculative buying, and removes one of the principal causes of rising living costs. The War Labor Board has enunciated a formula, to be applied in future consideration of wage changes, to the effect that workers are entitled to hourly wage rates which will maintain their standards of purchasing power (wage rates in relation to living costs) at the January 1941 peacetime standard. Thus -- to the extent that any further rise in living costs is moderated, either indirectly by wholesale or directly by retail price controls -- one of the principal incentives for wage rate increase will be modified. The rise in living costs was not entirely stopped in June by the controls even though there was a moderate decline in the index of nonfood costs.

Upward pressure on the general price level will continue as long as the money income of consumers, available for goods and services, increases in

relation to the supply of goods available for civilian purchase. Therefore, even if hourly wage rates were not advancing, increased employment and over-time wage payments would be important factors tending toward increased pressure on the price level unless offset by an increase in the supply of civilian goods and services and/or by a rise in individual taxes and savings. For some time to come the material needs of war industries will force a further decrease in civilian supplies of industrial products and, for the remainder of 1942 at least, the disposable income of consumers probably will continue to rise.

FARM PRICES AND INCOME

Cash income from farm marketings increased about as much as usual from June to July. Prices received by farmers were higher generally than in June but marketings of meat animals were down, following the sharp increase in June.

Prospects for agricultural production were even more favorable on August 1 than a month earlier. It is now expected that production of both livestock (including their products) and crops will be about 10 percent larger this year than last. Pronounced increases are indicated for fats and oils, both vegetable and animal in origin. As a result of these anticipated increases in production, marketings of meat animals and livestock products will continue at record levels during the remainder of 1942 and crop sales also will reach record proportions. Despite the large increase in market supplies of agricultural products during the remainder of 1942 the supporting effect on prices of a strong consumer demand and large military and lend-lease requirements is expected to result in a smaller decline in prices received by farmers than would ordinarily accompany such a large increase in marketings. The result will be an increase in cash income from farm marketings of at least the usual amount during the remainder of the year.

The index of prices received by farmers advanced 3 points in July to 154 percent of the 1910-14 average; at the July level this index was 2 points higher than the index of prices paid by farmers which remained at 152, as in June.

COTTON

Domestic mills have always consumed a relatively high quality of American cotton, and this tendency is even more pronounced at the present time. Quality requirements for military fabrics are higher than for normal civilian consumption and the pressure to keep mill output as high as possible also encourages the use of high-quality cotton. Widening of premiums and discounts was to be expected with the higher level of prices in recent months, but the new elements in the demand situation are no doubt reflected in present market differentials.

These premiums and discounts reflect basic differences in the utility of the various grade and staple combinations under existing conditions in the cotton textile industry. There is, therefore, a much greater price incentive than normally for a farmer to guard against any unnecessary deterioration of grade. For instance the difference in value between 500 pound bales of 1-1/16 inch cotton at Memphis -- one grading Middling and the other Strict Low Middling -- was \$2.00 in July 1941 and the difference between Middling and

Low Middling was \$9.25. This year the differences increased to \$8.90 and \$25.10, respectively. Careful picking and ginning will add to farmers' incomes and will increase the supply of the kinds of cotton for which the war need is greatest.

On the basis of an indicated yield of 266.7 pounds per acre the new crop was officially estimated as 13,085,000 bales. This would be the second largest yield on record (exceeded only by 269.9 pounds in 1937) and the largest crop since 1937.

Cotton prices declined about 3/5 cent during the past month with Middling 15/16 averaging 18.74 cents in the 10 markets on August 19. The average Government loan rate on 7/8 inch Middling cotton will be 16.02 cents per pound, gross weight. This compares with 14.02 cents in 1941. In both years the rate for Middling 15/16 inch cotton is 20 points above the basic rate for Middling 7/8 inch cotton. Mounting indications that the crop would be larger than originally anticipated was one of the principal causes of weakness. Other factors contributing to weakness were indications that consumption may not advance as much as expected earlier and the failure of the parity price of cotton to advance for the second successive month.

Cotton consumption was 995,000 bales in July, making the total for the marketing year 11,172,000 bales. While July consumption was 28,000 bales larger than in June, the daily rate declined from 44,000 bales in June to 43,300 bales in July, the lowest since December.

According to the Bureau of the Census the carry-over of cotton in the United States on August 1 was 10,590,000 bales. This is a reduction of about 1.6 million bales from the 1941 carry-over of 12,166,000 bales.

WHEAT

A total crop of 955 million bushels was indicated by the official report of August 10, consisting of 398 million of winter wheat and 257 million of spring wheat. This is 51 million bushels above the indication of a month earlier, and second only to the billion-bushel crop in 1915. With a crop of this size and a carry-over of 633 million bushels, total supplies for the year beginning July 1, 1942 would approximate 1,590 million bushels. This is the largest supply in the history of our country and compares with 1,331 million last year -- the previous record. The supply last year consisted of a carry-over of 385 million bushels and a crop of 946 million bushels.

The 633 million bushel carry-over is made up of 224 million bushels of commercial stocks in cities, 160 million bushels on farms, 142 million bushels in interior mills and elevators, 97 million bushels in merchant mills and elevators and 10 million bushels in Commodity Credit steel bins. Of the 633 million bushels approximately 400 million bushels were held by the Commodity Credit Corporation or still under loan and 11 million bushels held in the Federal insurance reserve.

Compared with a month earlier, cash wheat prices on August 19 were 7 to 8 cents higher at Kansas City, St. Louis, and Portland. At those markets the heavy seasonal movement has now passed. At Minneapolis, where the harvest is later and the market movement just taking place, prices are up only about 1 cent compared with a month earlier. On August 19 cash markets were 3 cents

(St. Louis) to 22 cents (Minneapolis) below loan values, and growers are restricting their marketings and putting large quantities under loan. Up to August 8 about 47 million bushels had been so placed, which is about the same as the 50 million for the same period 2 years ago, but is considerably above the 3-3/4 million a year ago.

FATS AND OILS

Production of the principal domestic oilseeds in 1942 now seems likely to exceed earlier expectations. August 1 indications point to a cottonseed crop about 22 percent greater than last year, a flaxseed crop 32 percent greater, a soybean production 74 percent greater, and a peanut crop 90 percent greater. Production of animal fats and oils also is increasing. Total production of fats and oils from domestic materials in 1942-43 may total 11.9 billion pounds, more than 2 billion pounds in excess of the output of the 1941-42 crop year and about 50 percent above the average for 5 years 1936-40.

Despite the record-breaking oil crops expected, the prospective fats and oils supply situation has not been completely relieved. Imports of fats and oils from the Far East have been greatly reduced in recent months and scarcity of shipping space may restrict imports from other areas. Exports of fats and oils under lend-lease, moreover, will be materially larger in 1942-43 than a year earlier. And with rising consumer purchasing power and maximum retail prices in effect, domestic consumption of fats and oils is expected to increase in the next several months unless restricted by Government action.

Price changes in July were mixed. The Government support price for 92-score butter at Chicago was raised 3 cents on July 22 to 39 cents per pound. A few days earlier quotations for inedible tallow and greases had declined about 1 cent per pound on the announcement of lowered price ceilings for these fats effective August 1. Prices of lard and refined edible oils strengthened slightly in July, reflecting large Government purchases and reduced factory supplies.

CORN AND OTHER FEEDS

Favorable weather during July increased the prospects for 1942 feed crops, and record supplies of feed grains, hay, and high-protein feeds are now expected for 1942-43. The prospective supply of four principal feed grains, plus the increased volume of wheat available for feeding, is a little greater than the large 1941-42 supply of these grains. Assuming about 10 percent more livestock in 1942-43, present indications are that the supply of these grains, including feed wheat per grain-consuming animal unit will be about 6 percent smaller than last year, but 8 percent above the 1928-32 average. The 1942-43 disappearance of feed grains will be somewhat larger than 1942 production, and the total carry-over at the close of the 1942-43 year probably will be the smallest since 1937. A record hay supply, 6 percent larger than the 1941-42 supply, is in prospect. Supplies of high-protein feeds are expected to be about 40 percent larger than last year.

A national program for the sale of feed wheat was announced by the Department of Agriculture August 6. Under this program 125 million bushels of wheat will be available for sale at prices ranging from 74 to 99 cents per bushel for August delivery. Under this new program the sale price of wheat is considerably lower in the Corn Belt than under the old program.

There has been little change in cash corn prices during the past 3 months, oats and barley have declined seasonally. Prices of corn, oats and barley have advanced considerably during the past year, but during the last 3 years prices of these grains have advanced much less than in the same period of World War I. Feed grain prices are expected to average a little higher in 1942-43 than in 1941-42, despite the large supplies of feed available and the feed wheat program.

HOGS

There has been a marked seasonal decrease in slaughter supplies of hogs since mid-June. Some further reduction is likely during the next few weeks, but marketings will pick up sharply in late September and in October when the market movement of the record large 1942 spring pig crop gets under way. Although spring pigs ordinarily are not marketed in volume before October, September marketings this year may include a larger-than-usual number of spring pigs. Farmers have been urged to distribute marketings more evenly over the fall and winter marketing season and this, together with the possibility of a greater-than-usual seasonal decline in prices, may stimulate relatively early marketings of many spring pigs.

Hog prices have fluctuated moderately during the past 5 or 6 weeks with the Chicago top remaining at or near the \$15 high level reached in early July. There has been some seasonal widening of the spread between prices of packing sows and butcher hogs since June, but the late summer discount for heavy hogs has not been as great as usual. The average price for butcher hogs at Chicago for the week ended August 8 was \$14.65, compared with \$14.55 in early July and \$11.10 in the corresponding week a year earlier. The average price received by farmers for hogs in mid-July at \$13.78 was the highest since 1920.

Inspected hog slaughter during July of 3.9 million head was 15 percent smaller than in June but 29 percent larger than in July last year. It was the largest July slaughter since 1933. About 28 percent of all hogs marketed at ~~several~~ ^{important} markets during July were packing sows; this compares with 26 percent a year earlier. The average weight of hogs marketed during the month was about 4 pounds heavier than in July last year when it was considerably above normal.

CATTLE

Slaughter supplies of well finished cattle during the remainder of 1940 will be smaller than a year earlier, but they may be about as large as in most years since 1933. The number of cattle on feed in the Corn Belt on August 1 was 19 percent smaller than a year earlier but was little changed from August 1, 1940. Reports from cattle feeders indicate that most of the decrease from last year was in long-fed cattle -- cattle that had been on feed since January 1. The marketing plans as reported in April of this year indicated that numbers on feed on August 1 would be but little smaller than a year earlier, but subsequent movements of cattle prices caused much uncertainty in the minds of feeders as to the future market for fed cattle and apparently many cattle were marketed in June and July that had been intended for a later date. As a result, slaughter of fed cattle in these months was the largest on record.

Inspected cattle slaughter in July totaled 1,048,000 head 1 percent more than a month earlier and 18 percent more than a year earlier. Notwith-

standing the prospective reduction in fed cattle, total cattle slaughter in the second half of 1942 is expected to continue larger than a year earlier.

Cattle prices have strengthened since early July and prices of the lower grades are now the highest they have been this year, although ceiling prices for beef by grades were established in mid-July. The average price of Good grade beef steers at Chicago for the week ended August 8 was \$14.65 compared to \$11.60 the corresponding week in 1941. The spread between prices of upper and lower grades of slaughter cattle has narrowed a little further in recent weeks, and it is now exceptionally narrow for this time of year. Prices of feeder cattle have continued steady, at a high level relative to fat cattle prices.

Shipment of stocker and feeder cattle into the Corn Belt States during the first 6 months of the year continued at a high level. Total shipments were probably as large as the record number of last year. Although prices of feeders may weaken seasonally as marketings increase, strong slaughter demand for range cattle suitable for slaughter will probably prevent any great decline.

LAMBS

The 1942 lamb crop is estimated at 32.3 million head, 2 percent less than the record large crop last year. Unfavorable weather at lambing time resulted in an approximate 860,000 head reduction in the western lamb crop this year compared with last, but the crop in the Native States was about 270,000 head larger than that of a year earlier. Early lambs, those available for market prior to August 1, accounted for about 22 percent of the total western lamb crop about the same proportion as in 1940 and 1941.

So far in the 1942-43 marketing year (May-July), inspected slaughter of sheep and lambs has totaled about 4 percent greater than a year earlier. This slaughter probably included a larger-than-usual proportion of yearlings carried over from the previous year's crop, but market reports indicate that there also was a rather heavy movement of native spring lambs during July. Marketings of sheep and lambs sometimes fluctuate widely from month to month, so that it is difficult to estimate supplies in advance. However, on the basis of the smaller lamb crop this year than last, it appears that slaughter supplies during the late summer and fall will be a little smaller than in those months last year.

Maximum wholesale and retail prices for lamb have now been established by the Office of Price Administration at highest prices prevailing during the last week in July. Lamb prices had been omitted from the General Maximum Price Regulation effective in May, because prices during March were below the minimum level at which ceilings could be established under the Price Control Law. Lamb prices have risen sharply since March, however, and the late July level appears high enough to reflect to producers the July 1919-June 1929 average price, which is the minimum ceiling level in the case of lambs. The average price of Good and Choice grade lambs at Chicago for the week ended August 8 at \$14, although \$1 lower than a month earlier, was about \$2 higher than in March and \$3 higher than in the corresponding week of 1941.

WOOL

The domestic wool market continued rather dull during most of July but activity increased toward the end of the month. Army orders for wool blankets

and requests for bids on materials for lend-lease resulted in increased sales of medium wools in late July and prices on these grades advanced a cent a pound (grease basis). An announcement by the War Production Board that new Army orders would be placed in the near future with specifications calling for 100 percent domestic wool, stimulated interest in all grades of domestic wool in early August. It is expected that the new Army orders will provide an outlet for most of the remaining supplies of this year's clip.

Consumption of apparel wool from July 1941 through June 1942 totaled 1,031 million pounds greasy shorn and pulled, of which 509 million pounds were domestic wool. Consumption in the 12 months ended June 1941 totaled 862 million pounds which included 550 million pounds of domestic wool. The 1941-42 consumption is the largest ever reported. With new Army orders in prospect, mill consumption is expected to continue at a record level through 1942.

Production of shorn wool in 1942 is estimated at 392 million pounds compared with 391 million pounds in 1941 and a 5-year average (1936-40) of about 360 million pounds. Fleece weights are somewhat lighter this year than last but this decrease is a little more than offset by an increase in the number of sheep shorn. These estimates do not include the production of pulled wool from slaughtered lambs and sheep. Pulled wool production totaled about 66 million pounds in 1941 and averaged 65 million pounds in the 5 years, 1936-40.

DAIRY PRODUCTS

Recent changes in Department of Agriculture buying prices will tend to further stimulate the diversion of milk from evaporated milk to butter and dried milk and to a lesser extent to cheese. Production of evaporated milk in June declined sharply from a month earlier and Government purchases are now less than half as large as they have been in most recent months. Butter production is now running slightly larger than a year earlier and in the second half of 1942 is expected to total about 5 percent larger than in the second half of 1941. Production of dried skim milk for human consumption in June was 78 percent larger than in June 1941, and of dried whole milk 36 percent larger. American cheese production in recent weeks has been about 20 percent larger than in the corresponding weeks of 1941.

Butter prices have been increasing steadily since mid-June and by August 19 were 2-3/4 cents above the new Government support level of 39 cents for 92-score butter at Chicago. Butterfat prices are expected to increase at least the usual seasonal amount during the remainder of 1942 and to average considerably above those a year earlier. Prices received by farmers for whole milk at wholesale also may continue somewhat higher than a year earlier. With higher feed-grain prices, dairy product-feed price ratios in the fall and winter of 1942-43 may average somewhat less favorable to dairymen than in the 1920-34 period, but may be slightly more favorable than in the corresponding months of 1941-42.

With continued cool weather and the best August 1 pastures in more than 25 years, total milk production on that date was 5 percent larger than a year earlier. With unusually favorable prospects for crops and fall pastures, milk production during coming months may continue 3 to 4 percent larger than a year earlier.

Commercial butter stocks on August 1 were 20 percent smaller than a year earlier and only 7 percent above the 1935-39 average commercial stocks for that date. Cheese stocks, however, continued relatively large.

POULTRY PRODUCTS

With 10 percent more chickens raised on farms than in 1941 and with the apparent tendency of farmers to feed to heavier weights, supplies this fall will be the largest on record. Farm marketings of young chickens in the Midwest during July were the largest on record and will increase until the seasonal peak is reached in October or November. The effects on prices of these larger supplies are likely to be more than offset by the stronger consumer and storage demand. However, prices of some classes, particularly heavy roasters, may decline as the volume of marketings of this weight class increases. Moreover, in some sections, processing facilities may be over-taxed and prices may be depressed relatively more than the average for the country as a whole.

The average price received by farmers for chickens in mid-July was 18.7 cents per pound, or about 11 percent higher than in July last year. Wholesale prices for live and dressed chickens averaged higher in mid-August than a month earlier.

Egg production is continuing much larger than a year ago. In July production on farms was 14 percent larger than in July 1941; the same increase as shown for the number of layers. As a result of the increase in chickens raised, laying flocks are likely to continue large, but by January 1 numbers may be 6 to 8 percent above a year earlier compared with 14 percent in July. Supplies of eggs for civilian consumption in the remainder of 1942 will be at least as great as in the corresponding period of 1941. Storage stocks of eggs on August 1 totaled 15.4 million cases, 31 percent larger than on August 1 last year and of which at least 5.9 million cases were earmarked for drying later in the year.

The average price received by farmers for eggs in mid-July was 29.5 cents per dozen and the egg-feed ratio, though slightly less favorable than a year previous, was considerably more favorable than average. Wholesale prices for eggs increased during the month ended in mid-August and at that time were about 30 percent higher than a year previous.

TOBACCO

Prices of flue-cured leaf sold so far this season have been considerably higher than last year. Prospects are that prices for 1942 crops of most of the major kinds and types of United States tobaccos will be above 1941. Although total tobacco production in 1942 is estimated at 1,361 million pounds or 8 percent more than last year, anticipated reductions in stocks for the most important kinds make prospective total supplies for the 1942-43 marketing season about the same as in 1941-42. The consumption of tobacco products in the United States has been increasing and further increases seem probable.

Gross sales on Georgia and Florida type 14 flue-cured markets between their opening on July 28 and August 6, as reported by the Agricultural Marketing Administration, amounted to nearly 50 million pounds at an average price of 33.04 cents. The season average price for type 14 in 1941 was 20.5

cents. Markets for type 13 opened August 6, the bulk of the tobacco selling during the first 2 days at from 32 to 42 cents. Sales through August were more than 18 million pounds at an average price of 39.4 cents compared with sales of about the same volume at 25.6 cents in the corresponding period last season. The 1941 production of type 13 sold at an average price of 24.9. Types 11-14 as a whole averaged 28.1 cents. Not only are prices grade for grade higher this season than last but the quality as a whole of tobacco sold thus far is better. Auction markets in eastern North Carolina (type 12) are scheduled to open August 25; Middle Belt (type 11-b), September 14; and Old Belt (type 11-a), October 1.

The estimated 1942 crop of flue-cured leaf of 749 million pounds is approximately 100 million pounds larger than in 1941. The total supply this season, however, is about the same as the record high of 1941-42. The demand for flue-cured leaf has benefited from the rising trend in cigarette consumption in the United States and some revival of the export trade. Shipments abroad under lend-lease arrangements between April 1, 1941 and June 30, 1942 totaled nearly 197 million pounds (net packed weight).

FRUITS

Total fruit production in 1942-43 is expected to be slightly smaller than the record 1941-42 production. The pack of canned fruits and juices may be 10 to 15 percent greater than in 1941-42, and the dried fruit pack may be 20 to 25 percent greater. Thus, the total amount of fruit sold for fresh consumption probably will be considerably smaller than in the previous season. The increase in the dried fruit pack will be partly the result of a recent War Production Board order prohibiting the sale of certain raisin grape varieties (Thompson seedless, Muscats, and Sultanas) to wineries. On August 10 the 1942 production, as well as the carry-over from the 1941 crop, of the six principal dried fruits were frozen in the hands of packers by order of the War Production Board.

It is estimated, as of August 1, that the commercial apple crop this year will total 122 million bushels, the same as in 1941. Although the decline in the price of summer apples from the beginning of the season has been considerably greater this year than during the comparable period last year, August 1 prices of Starrs and Transparents, important summer apples at New York, averaged approximately 30 percent higher than prices in the same week in 1941.

TRUCK CROPS

Supplies of commercial truck crops for the fresh market continue more abundant than in 1941. Total tonnage of commercial vegetable crops produced or now being harvested is expected to be about 9 percent greater than for the same period last season. The increase in production has been due primarily to generally higher yields per acre this year. If favorable yields continue, total tonnage of fresh vegetables for market will exceed last year by 7 to 10 percent.

Vegetable prices have held up well despite the usual seasonal downward trend which occurs when supplies in urban markets are supplemented by marketings from nearby local producing areas. The high level of consumer purchasing power has strengthened the demand for fresh vegetables to the extent that it more than offsets the effect of increased supplies resulting in higher vegetable prices this season than last. Prices of most vegetables on the Chicago

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS-TRIAL PRO-DUCTION ¹	FACTORY EMPLOY-MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN-DUSTRIAL WORKERS ³	WHOLE-SALE PRICES OF ALL COMMOD-ITIES ⁴	RETAIL FOOD PRICES ⁵	COST OF LIVING URBAN ⁶	PRICES RECEIVED BY FARMERS ⁷	PRICES PAID BY FARMERS ⁸	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁸	RATIO OF PRICES RE-CEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MAR-KETINGS ⁹
Base Period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	118	133	122	146	154	166	88	190
1930	91	94	103	110	107	126	119	126	146	159	79	152
1931	75	80	78	85	91	104	109	87	126	139	63	107
1932	58	68	54	59	80	86	98	65	108	121	54	80
1933	69	75	58	61	82	84	92	70	108	118	59	89
1934	75	88	74	77	93	94	96	90	122	128	70	106
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	103	101	99	100	100	101	99	114	124	128	89	139
1937	113	111	118	117	107	105	103	121	131	135	90	148
1938	89	93	91	91	98	98	101	95	123	129	74	129
1939	108	102	106	105	96	95	99	93	121	127	72	132
1940	123	110	122	119	98	97	100	98	122	127	77	141
1941	156	130	172	163	108	105	105	122	131	134	91	188
1941-												
May	154	128	164	157	105	102	103	112	125	130	86	176
June	159	131	175	167	108	106	105	118	128	132	89	175
July	160	136	182	173	110	107	105	125	130	133	94	179
Aug.	161	136	183	174	112	108	106	131	133	136	96	186
Sept.	161	135	187	177	114	111	108	139	136	138	101	200
Oct.	163	136	189	178	115	112	109	139	139	141	99	203
Nov.	166	137	192	180	115	113	110	135	141	143	94	205
Dec.	167	138	197	187	116	113	110	143	142	143	100	244
1942-												
Jan.	171	138	208	196	119	116	112	149	146	146	102	243
Feb.	172	138	205	194	120	117	113	145	147	147	99	236
Mar.	171	138	205	194	121	118	114	146	150	150	97	231
Apr.	173	138	211	202	122	120	115	150	151	151	99	248
May	174	140	219	208	123	122	116	152	152	152	100	237
June ¹⁰	177	142	224	213	122	123	116	151	152	152	99	238
July ¹⁰	--	--	--	--	122	125	117	154	152	152	101	--

¹ Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

² Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

³ Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

⁴ Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

⁵ Bureau of Labor Statistics.

⁶ Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

⁷ August 1909-July 1914 = 100.

⁸ Revised June 1942. Annual figures are straight averages of 12 monthly indexes, 1923-41.

⁹ Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

¹⁰ Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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and New York wholesale markets, although quite steady, declined slightly from mid-July to August.

The 1942 canned pack of 12 major vegetables (excluding baked beans, soups, and several other "secondary" or "nonessential" items) is expected to exceed the exceptionally large pack of last year by 15 to 20 percent. The permitted pack of many vegetables, however, will be considerably less than in 1941. Greatest increases are expected in the packs of green peas, tomatoes, snap beans, and sweet corn, which are not restricted by present War Production Board tin allotments.

Prices of all processed vegetables come under the General Maximum Price Regulation and are thus subject to control by the Office of Price Administration.

POTATOES

The total 1942 potato crop, as indicated on August 1, was 378,175,000 bushels -- about 6 percent above last year and 2 percent above the 10-year average, 1930-39. The greatest increase over last year is expected in the late crop potatoes; however, the early and intermediate crops were larger than in 1941.

The farm price of potatoes in the last few months has averaged approximately 70 to 75 percent above last season. The high level of consumer purchasing power contributing to an increased demand for potatoes is holding the price up well above last year despite the larger supplies this season. The wholesale price of potatoes on the New York market declined seasonally from \$2.57 per 100 pounds the first week in July to \$1.80 for the week ended August 15.